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Item 5 of the provisional agenda

REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION OF THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

- UNCTAD's CONTRIBUTION TO THE FOLLOW-UP OF THE PROGRAMME OF ACTION

Note by the UNCTAD secretariat

As indicated in the annotated provisional agenda (TD/B/1278), the Declaration of the Heads of State and Government of the Least Developed Countries, adopted at their first meeting on 1 October 1990 and circulated to the General Assembly in document A/C.2/45/5, is attached hereto for background information.

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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

Letter dated 2 October 1990 from the Permanent Representative of Bangladesh to the Secretary-General transmitting the Declaration of the Heads of State and Government of the Least Developed Countries

On behalf of the least developed countries members of the United Nations, I have the honour to state that the first meeting of the Heads of State and Government of the least developed countries was held at United Nations Headquarters on 1 October 1990 under the Chairmanship of His Excellency Mr. Hussain Muhammad Ershad, President of Bangladesh. The meeting adopted a Declaration, which is annexed herewith.

I have the honour to request you to arrange to have this letter and its annex distributed as an official document of the General Assembly under item 82 of the agenda.

(Signed) A. H. G. Mohiuddin
Permanent Representative

Annex

DECLARATION OF THE HEADS OF STATE AND GOVERNMENT OF THE LEAST DEVELOPED COUNTRIES

The Heads of State and Government of the least developed countries, participating at the World Summit for Children, met at United Nations Headquarters on 1 October 1990 to review all aspects of the prevailing endemic development crisis in the least developed countries. Expressing their deep concern over the continuing deterioration of the socio-economic situation in the least developed countries, they noted that unabated decline in the standard of living in those countries and their deepening poverty posed a major challenge to the entire international community.

The Heads of State and Government noted that the current development impasse in the least developed countries, aggravated by a stagnating or declining flow of development resources, mounting external indebtedness, a resurgence of protectionist measures, a sharp decline in commodity prices and a secular decline in the terms of trade of the least developed countries was imposing intense strain on their political and social fabric.

The current turbulence on the intenational scene created by the Gulf crisis would make the development of the least developed countries an even more uphill task. The Heads of State and Government consequently urged the international community to undertake special measures on a priority basis to assist the least developed countries to cope with the resulting problems.

The Heads of State and Government underscored that the pressures on the least developed countries must be relieved by a decisive improvement in the pace and character of their development. They also noted that in order to reactivate growth and development in those countries, effective measures must be undertaken to overcome their most formidable structural handicaps and to relieve external constraints to their development. In that context, the Heads of State and Government welcomed the outcome of the Second United Nations Conference on the Least Developed Countries and the Programme of Action for the Least Developed Countries for the 1990s adopted by that Conference for the current decade.

The Heads of State and Government expressed their firm conviction that the international community, particularly the developed partners of the least developed countries, would fully implement the international support measures identified in the New Programme of Action to complement the national efforts of the least developed countries. They particularly appealed to the international community to enhance their contribution to the development of the least developed countries in all relevant sectors of their economies through greater support and assistance to those countries in the form of an enhanced flow of external resources for development, including foreign direct investment, effective and comprehensive debt relief measures to cover all types of debts, greater market access and new initiatives to compensate effectively for the shortfall in the export earnings of the least developed countries due to commodity price fluctuations.

The Heads of State and Government also noted that the United Nations and the organs, bodies, programmes and specialized agencies of the United Nations system also had a special responsibility for the pursuit of the goals and objectives of the new Programme of Action for the Least Developed Countries. They urged the Secretary-General of the United Nations to mobilize all resources and undertake the necessary measures, in active collaboration with all relevant organs, bodies and specialized agencies of the United Nations system, which would enable the entire system to live up to the challenge.

In particular, the Heads of State and Government emphasized that the Special Programme on the Least Developed Countries of the United Nations Conference on Trade and Development should be strengthened and upgraded so as to enable it fully and effectively to discharge its mandate as the focal point for global review and monitoring of the implementation of the Programme of Action for the 1990s.

The Heads of State and Government also urged all multilateral financial institutions, regional banks and other development funds to extend the necessary help to the least developed countries and to take into account the special needs of those countries in all their programmes and operations.

The Heads of State and Government also took note of and expressed their support for the decision of the Second United Nations Conference on the Least Developed Countries to invite the General Assembly to consider inclusion of Namibia in the list of least developed countries.

Finally, the Heads of State and Government also commended the welcome initiative by all the least developed countries increasingly to co-ordinate their position to articulate effectively their various concerns and development priorities. They expressed the hope that efforts would continue to improve their present arrangement for co-ordinated action and also to widen the scope for such co-ordination within the United Nations system, the Group of 77 and other international fora.

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IMPLEMENTATION OF THE DECLARATION ON INTERNATIONAL ECONOMIC CO-OPERATION, IN PARTICULAR THE REVITALIZATION OF ECONOMIC GROWTH AND DEVELOPMENT OF THE DEVELOPING COUNTRIES (ECONOMIC AND SOCIAL COUNCIL RESOLUTION 1990/54)

Note by the UNCTAD secretariat

1. At its eighteenth special session, the General Assembly adopted the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries. The text of resolution S-18/3 of 1 May 1990, containing the Declaration, is annexed hereto.

2. By its resolution 1990/54 (paragraph 2), the Economic and Social Council recommended "to the governing bodies of the organs, organizations and bodies of the United Nations system that they include in their agenda the question of the implementation of the Declaration and [invited] them to report to the Council, at its second regular session of 1991, on steps taken by themselves and by Governments within their respective spheres of competence, with a view to ensuring the implementation of the Declaration."

3. The Declaration was the first comprehensive statement on development issues by the General Assembly for several years. It may be considered as the highest-level effort by member States to define a consensual framework for meaningful action and negotiations on specific development issues in the 1990s. It was also the basis for the formulation of the International Development Strategy for the Fourth United Nations Development Decade.

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The Final Act of UNCTAD VII and the Declaration adopted by the Trade and Development Board on the Twenty-fifth Anniversary of UNCTAD can be seen as earlier moves in the same direction, dealing with largely similar issues.

4. Virtually the entire substantive content of the Declaration is germane to the current activities of UNCTAD. The orientations provided by the Declaration for national and international policies and multilateral co-operation are broadly relevant to the substantive agenda for UNCTAD VIII. Indeed, the Conference will be the principal occasion for UNCTAD to contribute to the implementation of the Declaration within its sphere of competence.

5. In addition, a number of specific action-oriented aspects of the Declaration are the subject of intergovernmental deliberation in UNCTAD and related bodies. The principal topics dealt with in parts II and III of the Declaration - those indicating action to be taken in the 1990s - are listed below, with reference to the locus of action under the auspices of UNCTAD.

	Topic	Declaration paragraph	Intergovernmental body
(a)	Interdependence, policy co-ordination and integration of the world economy, including the integration of Eastern European countries	12-15, 19, 21-22, 35	TDB
(b)	National economic policies to promote effective resource use and human development	17-18, 23-25	CIFT
(c)	Environment and sustainable development	16, 29	TDB and Committees
(d)	External debt problems of developing countries	26	TDB, CIFT
(e)	Development finance, including resources for multilateral financial institutions and finance diverted from military expenditures	27, 29, 30, 31	TDB, CIFT
(f)	Scientific and technological capacity of developing countries	28, 29	Committee on Transfer of Technology
(g)	International trade issues: protectionism, market access, systemic and institutional issues	32	TDB, Committees on Manufactures and Preferences

	Topic	Declaration paragraph	Intergovernmental body
(h)	Commodity issues	33	Committee on Commodities
(i)	Regional economic integration among developing countries	34	TDB, Committee on ECDC
(j)	Least developed countries	13, 27	UNCLDC II and follow-up arrangements

6. The above notes are intended to provide a basis for the Board to respond to Economic and Social Council resolution 1990/54. A summary of the intergovernmental deliberations under this item, as well as any relevant information provided to the secretariat by member States, will be reported to the 1991 summer session of the Economic and Social Council.

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RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Ad Hoc Committee of the Eighteenth Special Session (A/S-18/14)]

S-18/3. Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries

The General Assembly

Adopts the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, annexed to the present resolution.

11th plenary meeting
1 May 1990

ANNEX

Declaration

We, the States Members of the United Nations,

Solemnly proclaim our strong commitment to a global consensus to promote urgently international economic co-operation for sustained growth of the world economy and, in particular, to the revitalization of economic growth and development of the developing countries so as to realize the basic right of all human beings to a life free from hunger, poverty, ignorance, disease and fear. To that end, we adopt the present Declaration.

1. This is a time of positive transformation in international relations. The reduction in international political tensions, the increasing integration of the world economy and the broad movement towards economic and political reform will create an opportunity for strengthening international economic co-operation based on the need to provide just and equal opportunities to all peoples to enable them to develop their full potential.

2. We strongly affirm the need to revitalize growth and development in the developing countries and to address together the problems of abject poverty and hunger that continue to afflict far too many people in the world. The international community has a responsibility to give strong support to the efforts of the developing countries to solve their grave economic and social problems through the creation of a favourable international economic environment.

3. In an increasingly interdependent world, the developing countries should play an important role in the growth and expansion of the world economy for the progress and prosperity of all peoples.

4. Each country is responsible for its own economic policies for development, in accordance with its specific situations and conditions, and for the life and well-being of all its citizens. National policies also need to take fully into account the obligations of all countries to international economic co-operation.

I. ASSESSMENT OF THE 1980s

5. In the 1980s, progress in developed and developing countries was uneven. The decade was marked by a widening gap between those groups of countries as well as by relatively slow growth and large global financial and trade imbalances. Developed market-oriented countries have succeeded to a large extent in controlling inflation and in maintaining sustained, though modest, growth. However, many countries, particularly developing countries, have encountered serious difficulties in their attempt to adapt to structural changes, to benefit from the economic growth of the industrialized countries and to promote the well-being of their citizens.

6. External and fiscal imbalances in some of the countries whose economies have the largest impact on the world economy have contributed to international monetary instability and led to higher interest rates. In the late 1980s, such imbalances started to narrow; none the less, they remain large.

7. For many developing countries, the 1980s have been viewed as a decade lost for development. Living conditions in Africa and Latin America and the Caribbean, and in parts of Asia, deteriorated, and economic and social infrastructure eroded, impairing stability and prospects for growth and development. Other developing countries were able to achieve economic and social progress.

8. The position of developing countries in international trade and finance weakened substantially, further widening the gap between developing and developed

countries. External indebtedness emerged as a main factor in the economic stalemate in the developing countries. Their capacity to service debt was seriously weakened as interest rates grew and terms of trade deteriorated. This problem has contributed to the fall in investment and the cessation of new financial flows. A long-term downward trend in the prices of commodities has had devastating effects for commodity-dependent developing countries.

9. As a result, there was a large net transfer of resources from the developing to the developed countries, depriving the former of much needed resources for development. This made the process of adjustment more difficult and complicated the tasks of coping with its social consequences and obtaining the necessary political support for reform.

10. Eastern European countries were not appropriately involved in the world economic system. Their need for comprehensive reform and transformation grew and, in the late 1980s, fundamental political and economic changes began to take place. These countries face problems of adaptation to the scientific, technological and structural changes taking place in the world economy.

11. As the world changes around us, we must respond positively. The 1980s marked the beginning of fundamental rethinking towards the achievement of economic development. A gradual convergence of views on economic policy, including the need for sound macro-economic policies and enhanced competition, is emerging. Flexibility, creativity, innovation and openness must be integral parts of our economic systems.

II. CHALLENGES AND OPPORTUNITIES FOR THE 1990s

12. The most important challenge for the 1990s is the revitalization of economic growth and social development in the developing countries, which calls for sustained growth of the world economy and favourable external conditions. This major challenge has to be addressed in the context of increasing interdependence and integration in the world economy.

13. It will be essential to stem the increasing marginalization of the least developed countries and to reactivate their growth and development through comprehensive national action and international support measures.

14. Finding an early and durable solution to the international debt problems, meeting the increasing needs for development finance, creating an open and equitable trading system and facilitating the diversification and modernization of the economies of developing countries, particularly those that are commodity-dependent, are conditions for the revitalization of growth and development in the developing countries in the 1990s and require continued concerted efforts.

15. There is a pressing need to improve the international economic environment in order to ensure the success of national policies. Countries can then take advantage of the major advances in science and technology and the

globalization of markets and thereby enhance their human capital and modernize their economies.

16. Economic development must be environmentally sound and sustainable. The deterioration of the environment is a cause of grave concern for all countries. Growing environmental problems, such as pollution, desertification, deforestation and climate change, increasingly pose a serious threat to the future growth of the world economy.

17. Countries have to adapt their national policies to facilitate open exchange and flexible responses to the changing world economy. Effective national policies have a critical role to play in achieving sustained, non-inflationary economic growth in all countries. Such policies should be supportive of investment as well as of efficient allocation and mobilization of resources in order to achieve durable growth.

18. The eradication of poverty and hunger, greater equity in income distribution and the development of human resources remain major challenges everywhere. Economic and social progress requires that growth be broadly based, offering equal opportunities to all people, both women and men, to participate fully in economic, social and political activities.

19. There is a need to integrate the Eastern European countries into the world economy and the international economic system. This should generate positive impulses for world trade and development.

20. The revitalization of economic growth and development of the developing countries will have to be undertaken against the backdrop of these opportunities and challenges. Our collective efforts will be needed to ensure that the rapidly changing realities result in a positive transformation in favour of the economic development of all countries, particularly the developing countries.

III. COMMITMENTS AND POLICIES FOR INTERNATIONAL DEVELOPMENT CO-OPERATION

21. Reactivation of economic growth and development in the developing countries will require a concerted and committed effort by all countries. The present opportunity to restore a long-term approach to development and move beyond short-term adjustment must be seized. The States Members of the United Nations will endeavour to take all necessary steps to reverse the adverse trends of the 1980s, address the challenges of the 1990s and move into a more productive decade. Such actions should take into account the responsibility of each country for its own development and should be in accordance with its capacity and its impact on the international economy.

22. The major industrialized countries influence world economic growth and the international economic environment profoundly. They should continue their efforts to promote sustained growth and to narrow imbalances in a manner that can benefit other countries. The co-ordination of macro-economic policies should take

full account of the interests and concerns of all countries, particularly the developing countries. Efforts should be made to enhance the effectiveness of multilateral surveillance aimed at correcting existing external and fiscal imbalances, promoting non-inflationary sustainable growth, lowering real rates of interest, and making exchange rates more stable and markets more accessible.

23. In accordance with their legislation, development objectives and national priorities, developing countries should continue to work towards keeping control over inflationary tendencies, promoting domestic savings, achieving favourable conditions for domestic and foreign investment, modernizing their economies and increasing their international competitiveness.

24. However, economic policies should have as their ultimate objective the betterment of the human condition and the enhancement of the contribution of all persons to development. The full utilization of human resources and the recognition of human rights stimulate creativity, innovation and initiative.

25. A primary objective must be to respond to the needs and maximize the potential of all members of society. Health, nutrition, housing, population policies and other social services are a key to both improving individual welfare and successful development. Education and training, which must be available to all, are essential for improving the quality of human resources and for sustaining economic growth. The international community should support efforts to arrest the current escalation of extreme poverty and hunger. It is essential to reverse the present deterioration of this grave situation.

26. A durable and broad solution of the external debt problems of the developing debtor countries should continue to be given urgent attention, and the serious debt-servicing problems of some other countries should be further addressed with a view to an early solution. Recent initiatives and measures to reduce the stock and service of debt or to provide debt relief for developing countries should be broadly implemented. Relief measures should aim at the resumption of vigorous growth and development in these countries and should address all types of bilateral debt of debtor developing countries. Serious consideration should be given to continuing to work towards a growth-oriented solution of the problems of developing countries with serious debt-servicing problems, including those whose debt is mainly to official creditors or to multilateral institutions.

27. Substantial concessional resources will be called for to enable developing countries, especially the least developed ones, to cope with the challenges of the 1990s. Developed countries should implement the undertakings they have made to attain the agreed international target of devoting 0.7 per cent of gross national product to official development assistance and 0.15 per cent to the least developed countries. Developed countries should enhance the quantity and quality of their aid. Appropriate additional resources for the least developed countries should be considered at the Second United Nations Conference on the Least Developed Countries. The special development problems and needs of the island and land-locked developing countries should also be addressed.

28. Scientific and technological capability is increasingly important in the development of developing countries. Developed countries and international organizations should support the efforts of developing countries to create and develop endogenous capacities in this area.

29. The current threat to the environment is the common concern of all. All countries should take effective actions for the protection and enhancement of the environment in accordance with their respective capacities and responsibilities and taking into account the specific needs of developing countries. As the major sources of pollution, the developed countries have the main responsibility for taking appropriate measures urgently. The economic growth and development of developing countries are essential in order to address problems of the degradation and protection of the environment. New and additional financial resources will have to be channelled to developing countries. Effective modalities for favourable access to, and transfer of, environmentally sound technologies, in particular to developing countries, including on concessional and preferential terms, should be examined.

30. Multilateral financial institutions should be in a position to respond to the increasing development needs of developing countries in the 1990s. They should be provided with adequate resources to support long-term development, to facilitate structural reform and to finance programmes to alleviate the adverse social consequences of adjustment for poor and vulnerable groups.

31. Countries should seek to reduce expenditures for military purposes, thereby opening up the possibility of enhanced spending on social and economic development for the benefit of all countries, in particular the developing countries. In this context, the feasibility of channelling some of these reductions through financial mechanisms for development should be explored.

32. An open and credible multilateral trading system is essential for the promotion of growth and development. Any present or future trends towards unilateralism, bilateralism and the erosion of the multilateral trading system must be arrested. Protectionism should be resisted everywhere; commitments to standstill and roll-back of protectionism should be honoured. It is vitally important that the Uruguay Round of multilateral trade negotiations result in a balanced outcome, preserving and strengthening the multilateral trading system, enabling trade liberalization and increased market access for the exports of developing countries. The principles underlying the multilateral trading system should be reaffirmed, and international organizations active in multilateral trade should be strengthened as part of the process of attaining these objectives.

33. Commodity exports will continue to play a key role in the economies of most developing countries and to make a crucial contribution to export earnings and investment. There is a need for better functioning of commodity markets and more stable and predictable conditions. Diversification helps the developing countries to increase and stabilize their export earnings. All countries and multilateral institutions should undertake measures to support these endeavours.

34. Regional economic integration is important in expanding trade and investment in developing countries. Developing countries should strive to promote economic integration and strengthen economic and technical co-operation among themselves. These efforts should be encouraged and supported by the developed countries, as well as by the international organizations.

35. Eastern European countries should be supported in their efforts to integrate themselves into the international economy, including, as appropriate, their adhesion to international institutions. This will benefit their own people and the rest of the world; it must not detract from the high priority placed on international development co-operation with the developing countries. Their integration will strengthen the role of Eastern Europe as a dynamic trade partner and as a market and source of technology.

36. The United Nations system has a large role to play in international co-operation for revitalizing development in the 1990s. All its Member States have a responsibility for making it more effective and efficient. The United Nations is a unique forum in which the community of nations can address all issues in an integrated manner. Its many specialized agencies make an indispensable contribution to development. They have a major responsibility in the great task of revitalizing growth and development in the 1990s.

37. Member States agree to work for fruitful results at the forthcoming Second United Nations Conference on the Least Developed Countries, in the elaboration of a new international development strategy, the World Summit for Children, the eighth session of the United Nations Conference on Trade and Development in 1991, the United Nations Conference on Environment and Development, to be held in Brazil in 1992, and the international meeting on population in 1994.

38. The States Members of the United Nations pledge themselves solemnly to advance the multilateral dialogue, to respond to the challenge and commitments contained in the present Declaration through national policies and enhanced international co-operation and to keep the implementation of the Declaration under political review.